

Key Facts Supporting Physician Payment Reform

Compiled by Committee on Ways and Means

Physicians face significant cuts in Medicare reimbursement: Unless Congress acts, the physicians who serve Medicare beneficiaries will experience a 10 percent per service pay cut in fees in 2008 and a five percent cut each year thereafter. These cuts are the product of a flawed formula for physician payments known as the SGR (Sustainable Growth Rate).

Payment reductions place Medicare beneficiaries' access to doctors at risk: Drastic cuts in reimbursement may lead physicians to stop seeing Medicare patients.

The CHAMP Act prevents physician payment cuts, preserving beneficiaries' access to their doctors: It eliminates pending cuts in 2008 and 2009 and enacts a positive .5 percent increase in both years, providing for stability in reimbursement and ensuring patients can continue to see the doctor of their choice.

Republicans failed to reform the SGR intentionally, as part of their agenda to privatize Medicare: Republicans know that uncertainty about reimbursement rates will discourage doctors from participating in Medicare and creates doubt about the program's stability and future. That's why they failed to reform the SGR formula despite the consequences of their inaction; a \$54 debt that must be repaid in any long-term solution and will continue to grow each year Congress does not act.

CHAMP makes important and immediate changes to improve the SGR formula: It establishes six separate service categories that will enable Medicare to more precisely track and adjust for spending on physician services. CHAMP also removes drugs from the target growth calculation, enabling the SGR to better reflect actual growth in physician spending.

The bill also lays the groundwork for a long-term solution to the physician payment system: CHAMP establishes a new bonus for efficient physicians and directs the Centers for Medicare & Medicaid Services (CMS) to implement a mechanism to provide physicians with information about how their practice patterns compare to their peers. It also gives the Secretary of Health and Human Services additional tools to review and modify misvalued services. CHAMP provides for additional analysis of the physician fee schedule to uncover further refinements that need to be made. Finally, CHAMP invests in primary care and prevention by providing additional resources for these services and testing strategies for better coordination in Medicare.